

## Stephanie DuBois

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**From:** JW [jwaters@zianet.com]  
**Sent:** Wednesday, May 25, 2005 4:22 PM  
**To:** stephanie\_dubois@nmenv.state.nm.us  
**Cc:** richard\_rose@nmenv.state.nm.us; steve\_baumgarn@nmenv.state.nm.us;  
rwgwutap@vcimail.com; ggarcia@dfa.state.nm.us; cmohler@molzencorbin.com;  
renego@zianet.com; bobeason@zianet.com; behmot@zianet.com; rwgwutap@vcimail.com  
**Subject:** MCAFEE E-MAIL SCAN ALERT!~RUIDOSO DOWNS WASTEWATER EXPENDITURES

**Attachment file :** Sewer Expenses vs. Revenues to 2006 Worksheet 1.xls

**Scanner Detected:** Suspicious Extensions (Virus)

**Action taken :** Moved (Clean failed because the virus could be new)

Hi Stephanie,

Attached are our wastewater expenses and revenues. For the record, we raised our sewer rates 33% in late FY2002-3 to cover the Village's rising costs (also raised water rates by 33% at that time). We also included enough money at that time to give us some capital outlay money for our wastewater collection system. In addition to raising our rates, we have continuously cut our own collection system budget to keep our enterprise fund self-supporting (as indicated in the table). In 2002, ASCG, Inc. conducted a utility rate study prior to the rate increases. That study showed that our citizens are, with the increased rate, at the edge of what they can afford and that the City's utilities would not be able to even afford a loan for its infrastructure without seriously impacting our poor citizens. That study, together with the latest US Census/HUD Low-to-Moderate Income (LMI) Percentage of 54% (which refers to the percentage of citizens at or below the average income), points to our citizen's limited fiscal abilities. Additionally, the rate of persons not paying their utility bills is on the rise in Ruidoso Downs, despite and aggressive penalty and collection policy. To merely break even with our sewer for Ruidoso's latest increase, our council must again raise our rates by another 8.03% by July 1, 2005.

Please speak with Mr. Rose and review your bureau's state-wide rate study. I have spoken with Richard before on these concerns. We are near the top of that list already (our business rate is the 3<sup>rd</sup> highest in NM and our residential rate is in the top 10%). Towns like Taos Ski Valley, with a very wealthy business and residential constituency, can afford to pay that kind of rates- the working folks here cannot. There is no way we can keep up with the Village of Ruidoso's current increases, which do not even begin to approach the doubling or tripling of rates that would have to occur following the construction of the proposed new regional facility mentioned in the PER.

For the last three years and in anticipation of higher operating and capital costs associated with an impending upgrade, I have asked for the Village to cut their expenditures in this department. I have been rebuffed at almost every opportunity I have taken to address the issue. Their manager and mayor have both repeatedly told me not to bring up my concerns in public again. Last year, in a private meeting scheduled between Ms. McKnight and myself to discuss the proposed budget, Mayor Eggleston (VoR) showed up to the meeting with five other VoR staff members and went so far as to tell me that he wished he (the Village) "had five votes on the WWTP Joint Use Advisory Board to (our) two votes so (he) wouldn't have to listen to (me) at all." This comment was in response to my suggestion that, as a cost cutting measure, Ruidoso not siphon off \$50,000 from the JUAB funds to their general fund for their "administration." Following a recent JUAB board meeting, their manager and mayor literally harangued me for 45 minutes about me being unprofessional by bringing up my City Council's concerns in a public meeting that Ruidoso refused to address in private. I have even been told by their administration that I am not allowed initiate dialog with either the EPA or the NMED without the Village's consent. I am told that even your recent email message prompted angry calls from their management to our city attorney over "John Waters speaking with the NMED without the Village's permission."

I have known & worked with you and your predecessor, Mr. Murray, for years. We have always worked and

communicated well together. I have also known Mr. Baumgarn and Taylor Sharpe of the EPA for many years and share similar relationships with them. It is most unfortunate that I find myself in this adversarial position with Ruidoso.

As a City Administrator, I am responsible for the proper fiscal management of my municipality, our City's environmental stewardship, and, as a NM-Certified Water and Wastewater operator, certain ethical responsibilities to the state of New Mexico. If Ruidoso is not willing to hear and actually CONSIDER our financial concerns about the future of the Ruidoso-controlled plant, I have to go to a higher authority to try and get our urgent message out. If Capitan was not allowed to build a plant that the NMED figured was too costly for that town to operate, is it not only fair to consider the City of Ruidoso Downs as being in the same boat, regardless of what our wealthier neighbors can afford? I believe that the new high-cost (both capital and O&M) plant will only set Ruidoso Downs up for a financial failure. I cannot, in good conscious, allow Ruidoso Downs to go down the tubes with Ruidoso without at least trying to raise the issue with the state. As for the \$500,000 from the governor's office, I have tried to encourage Ruidoso to get this money spent. Both Gerald Garcia and, recently, Robert Apodaca of the DFA have repeatedly asked why we (CoRD) have not spent any of those funds. The JUAB minutes will undoubtedly reflect this concern being addressed by me in early 2004. Unfortunately, unless the City of Ruidoso Downs is allowed to spend its \$500,000 on a new zero discharge plant for CoRD, there is little I can do.

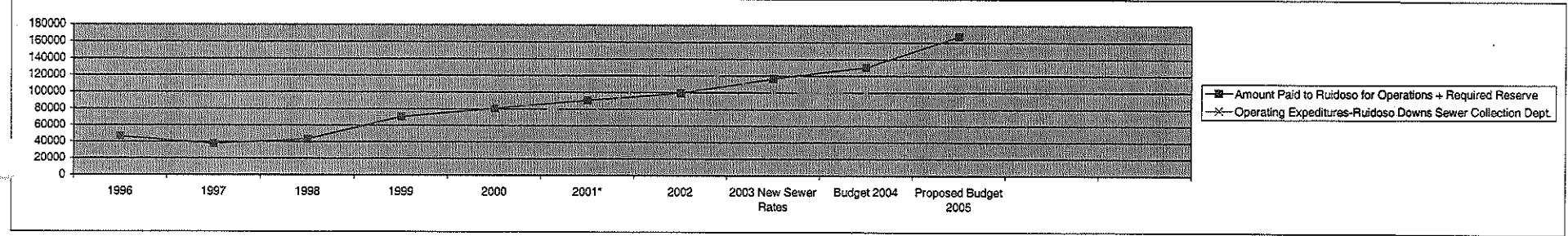
Finally, with respect to zero discharge, Ruidoso is totally opposed to this option. Ruidoso Downs is not. Is it feasible as a joint plant? Ruidoso says it is not, we do not honestly know. Will it work for just Ruidoso Downs? We believe that it will, but will require a break of the regional plant concept. Under the current circumstances, however, the regional concept is becoming economically unfeasible to the citizens of Ruidoso Downs. Will removing our portion of the phosphorus from the river be better for the *Rio Ruidoso's* water quality? Probably. Will that option be politically correct? Probably not. Thus is our situation. We would appreciate any help that you, your bureau, or your consultants can provide us with.

# City of Ruidoso Downs- Sewer Operating Expenses (Ruidoso Downs currently pays 15% of plant ops. + reserve)

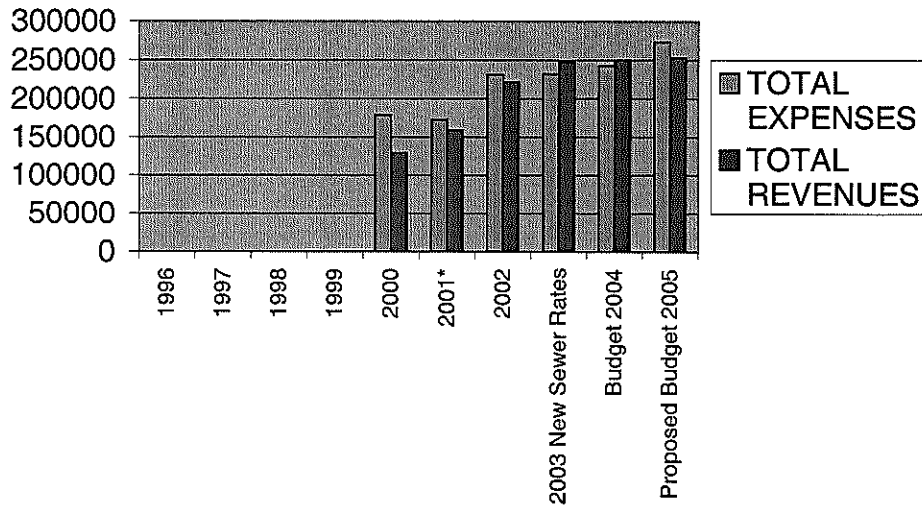
Enterprise Fund Expenditures vs. Revenue

| Year                 | Amount Paid to Ruidoso for Operations + Required Reserve | Amount Budgeted for Loans | Operating Expenditures-Ruidoso Downs Sewer Collection Dept. | TOTAL EXPENSES | TOTAL REVENUES |
|----------------------|--|---------------------------|---|----------------|----------------|
| 1996                 | \$46,500   |                           |   |                |                |
| 1997                 | \$37,900   |                           |   |                |                |
| 1998                 | \$43,200   |                           |   |                |                |
| 1999                 | \$70,600   |                           |   |                |                |
| 2000                 | \$80,800   | \$8,000                   | \$89,635  | \$178,435      | \$129,099      |
| 2001*                | \$90,700   | \$8,000                   | \$73,902  | \$172,602      | \$158,370      |
| 2002                 | \$99,500   | \$0                       | \$131,800   | \$231,300      | \$221,718      |
| 2003 New Sewer Rates | \$116,813  | \$13,302                  | \$101,758   | \$231,873      | \$247,463      |
| Budget 2004          | \$130,473  | \$13,833                  | \$98,495  | \$242,801      | \$249,770      |
| Proposed Budget 2005 | \$157,464  | \$13,833                  |   | \$252,170      |                |

\* Audit finding for non-self supporting sewer fund



## Sewer Expenditures vs Revenues



| Year                   | Percent Increase (decrease) Change from prior year |
|------------------------|--|
| 1997                   | -18.49%  |
| 1998                   | 13.98%   |
| 1999                   | 63.43%   |
| 2000                   | 14.45%   |
| 2001                   | 12.25%   |
| 2002                   | 9.70%  |
| 2003                   | 17.40%   |
| 2004 (budgeted)        | 11.69%   |
| 2005 (Proposed budget) | 28.35%   |